

104TH CONGRESS
1ST SESSION

S. 789

To amend the Internal Revenue Code of 1986 to make permanent the section 170(e)(5) rules pertaining to gifts of publicly-traded stock to certain private foundations, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 10 (legislative day, MAY 1), 1995

Mr. CHAFEE (for himself, Mr. MOYNIHAN, and Mr. KYL) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to make permanent the section 170(e)(5) rules pertaining to gifts of publicly-traded stock to certain private foundations, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. GIFTS OF QUALIFIED APPRECIATED STOCK TO**
4 **PRIVATE FOUNDATIONS.**

5 (a) IN GENERAL.—Paragraph (5) of section 170(e)
6 of the Internal Revenue Code of 1986 (relating to special
7 rule for contributions of stock for which market quotations

1 are readily available) is amended by striking subparagraph
2 (D).

3 (b) EFFECTIVE DATE.—The amendment made by
4 subsection (a) shall apply to contributions made after De-
5 cember 31, 1994.

6 **SEC. 2. PRIVATE FOUNDATION GRANTS TO FOREIGN ORGA-**
7 **NIZATIONS TREATED AS PRIVATE FOUNDA-**
8 **TIONS.**

9 (a) IN GENERAL.—Paragraph (3) of section 4942(g)
10 of the Internal Revenue Code of 1986 (relating to certain
11 contributions to section 501(c)(3) organizations) is
12 amended to read as follows:

13 “(3) CERTAIN CONTRIBUTIONS TO SECTION
14 501(C)(3) ORGANIZATIONS.—For purposes of this sec-
15 tion, the term ‘qualifying distribution’ includes a
16 contribution to a section 501(c)(3) organization de-
17 scribed in paragraph (1)(A) (i) or (ii) if—

18 “(A) not later than the close of the first
19 taxable year after its taxable year in which such
20 contribution is received—

21 “(i) such organization makes a dis-
22 tribution equal to the amount of such con-
23 tribution and such distribution is a qualify-
24 ing distribution (within the meaning of
25 paragraph (1) or (2), without regard to

1 this paragraph) which is treated under
2 subsection (h) as a distribution out of cor-
3 pus (or would be so treated if such section
4 501(c)(3) organization were a private foun-
5 dation which is not an operating founda-
6 tion), or

7 “(ii) in the case of a grant to a for-
8 eign organization that is not controlled (di-
9 rectly or indirectly) by the foundation or 1
10 or more disqualified persons (as defined in
11 section 4946) with respect to the founda-
12 tion, such organization makes expenditures
13 equal to the amount of such contribution
14 to accomplish 1 or more purposes de-
15 scribed in section 170(c)(2)(B) and the
16 grantor foundation exercises expenditure
17 responsibility with respect to the grant (as
18 defined in section 4945(h)), and

19 “(B) the private foundation making the
20 contribution obtains adequate records or other
21 sufficient evidence from such organization
22 showing that the requirements of subparagraph
23 (A) are satisfied.”

1 (b) EFFECTIVE DATE.—The amendment made by
2 subsection (a) shall apply to taxable years beginning after
3 December 31, 1994.

4 **SEC. 3. CHANGING DUE DATE FOR FIRST QUARTER ESTI-**
5 **MATED TAX PAYMENTS BY PRIVATE FOUNDA-**
6 **TIONS.**

7 (a) IN GENERAL.—Paragraph (3) of section 6655(g)
8 of the Internal Revenue Code of 1986 (relating to certain
9 tax exempt organizations) is amended by inserting after
10 subparagraph (C) the following new subparagraph:

11 “(D) In the case of any private foundation,
12 subsection (c)(2) shall be applied by substitut-
13 ing ‘May 15’ for ‘April 15’.”

14 (b) EFFECTIVE DATE.—The amendment made by
15 subsection (a) shall apply to taxable years beginning after
16 December 31, 1995.

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